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Subject: Reg I I - Debit card Interchange

Comments:

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I'm sixty years old and unlike the young consumers of today I can recall when all payments were made by paper transactions. Today, debit and credit transactions have become an indispensable part of my consumer life. All of the conveniences of electronic payments, online banking, ATM, banking by phone, ect. are a result of innovation propelled through profits and rate of return. Today, Congress and the Federal Reserve Bank in their lack of wisdom have failed to recognize the very basic principle of innovation and profits. I would not expect Congress to recognize this principle as they are motivated by emotion and political expediency. However, it is without precedent for The Federal Reserve Bank to abandon this principle. How is it conceivable for the Board of Governors to accept a recommendation from staff when that recommendation is clearly not based on economic reality? There is little evidence staff took the critical time necessary to investigate true costs and they certainly did not take into account economies of scale. For if they had, they would have known their recommendation would lead to tremendous losses within the banking system and to the reversal of innovation in the delivery of banking services. I am against any artificial price controls on interchange fees which will lead to fixed monthly charges to my accounts. I have been getting Free Banking services for many years and I do not want to pay fees today. I doubt my local grocery store, movie theater, Starbucks, etc. is going to pass on any of their savings to me. In fact, who invented and created the electronic payment infrastructure? Certainly not McDonalds or Starbucks. It was the banking and technology firms. As a consumer the FRB would serve me better if they placed price controls on the price of tea and McDonalds or coffee at Starbucks. But I recognize this is not good for our country. Congress and the FRB should let market forces dictate price. I highly recommend the Board of Governors take a step back and request from Congress an extension of time to review staff's recommendation. It is impossible to maintain a sound electronic payment system without sound profits.